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SECURITY INFORMATION

26 June 1952

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**CURRENT INTELLIGENCE DIGEST**

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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State Dept. review completed

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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#### SOVIET UNION

1. Pravda condemns shoddy Soviet production methods: A Moscow broadcast of 21 June echoed a Pravda editorial which criticized certain industrial plants for delivering shoddy goods and for tolerating sizable losses from rejects. Various machine-building enterprises which failed to fulfill their tasks, as well as the ready-made garment and the footwear industries were singled out for special criticism.

In conclusion, Pravda stated that such flaws in labor cannot be tolerated, and that party organizations are charged with maintaining strict discipline in all enterprises. (R FBIS Moscow, 21 June 52)

#### EASTERN EUROPE

2. Albanian People's Council elections to be held in September: The Presidium of the Albanian People's Assembly issued a decree providing for general elections to district, city, town and village People's Councils to be held in September 1952. (R FBIS Tirana, 19 June 52)

Comment: The last such elections, in May 1949, legalized the provisional appointments made to replace the followers of Koci Xoxe who was purged for Titoism in 1948. Lately the administrative committees of the People's Councils have been censured for failure to establish the prescribed contact with the local population, neglect of party duties and outright fraud. The anticipated elections, although routine in nature, will provide a means of eradicating unreliable personnel from the local level of government.

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3. Czech Minister of Information directly attacks religion and churchgoers: At the first congress of the newly formed Society for the Dissemination of Political and Scientific Knowledge in Bratislava on 21 June, Minister of Information Vaclav Kopecky for the first time attacked religion and churchgoers as distinct from the priests and members of the Catholic hierarchy.

He differentiated between those who "have no religious feeling but only simulate fervor and are generally people adversely affected by revolutionary intervention" and those who are religious because of superstition, fear, feeling of impotence or illness. The first group, consisting of "state enemies conspiring under the cloak of religion" would be severely dealt with without regard to the "so-called" sanctity of the Church. According to Kopecky, the society would adopt as its most important mission the winning over of the second group to Marxist materialism by means of adult education. (C Prague 869, 24 June 52)

Comment: A major public trial culminated last week in Brno in the sentencing of ten "agents of the Vatican," including priests and nuns, who were accused of "attempting to establish a clerical-fascist regime in Czechoslovakia."

The creation of the society is the most open attempt yet made by the Czechoslovak Government to supersede the religion of the people with Communist materialism, and marks a sharp break with its former attempt to use the Church, staffed with "peace priests" for its own purposes.

4. Hungarian delegation granted visas for Trieste trade fair: The US Legation in Trieste reports that it granted visas to five Hungarians to attend the Trieste trade fair. Simultaneously, US and British representatives jointly warned the Hungarian Foreign Office against "incorrect activities." (S Budapest 962, 24 June 52)

Comment: The private organization planning the Trieste trade fair, which is to be held during the first two weeks of July, reportedly invited Hungarian participation in the fair without the concurrence of the Allied Military Government. Fear that the Hungarians would use the occasion mainly for propaganda purposes motivated the warning that the delegation should confine its activities to commercial matters.

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The US Political Adviser in Trieste asserted that the real motive of the Hungarian shipping firm planning to exhibit at the fair was the establishment of a storage depot for Orbit-made goods in Trieste. A local firm allegedly would be entrusted with the management of the depot and with the monopoly of Hungarian transit trade through Trieste.

Hungary's growing interest in securing access to Mediterranean area trade has been shown by its participation in recent trade fairs in Algiers, Beirut, and Naples.

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5. Rumanian officers reported reinstated: [redacted] [redacted] the American Legation in Bucharest that many field grade reserve officers have been reissued their personal data and identity cards or carnet militaire, which means that they are again in good standing. (C Bucharest Weeka 25, 20 June 52)

Comment: It is possible that these officers have just been cleared for political reliability, perhaps following a purge in mid-April when, [redacted] several hundred Rumanian officers identified with the old regime were arrested. This Rumanian move may resemble that recently noted in Bulgaria where many officers have been reinstated, apparently out of military necessity rather than for their political reliability.

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6. Yugoslavia's Minister of Agriculture explains indirect approach to collectivization: Minister of Agriculture Todorovic has explained the recent abolition of forced grain deliveries as part of the regime's new economic policy. The removal of grain quotas is viewed as a stimulant to increased production which will presumably depress grain prices. Todorovic contends that lower prices coupled with a stringent incentive tax structure on private peasants will force small, independent peasants into collectives. (S Belgrade Weeka 25, 20 June 52)

Comment: Todorovic's explanation is probably an attempt to relate this liberalization of the regime's policy towards the independent peasant to the long-term goal of rural socialization. The employment of indirect pressures, such as discriminatory taxation, is certainly the only feasible approach to rural socialization in Yugoslavia because of foreign policy and economic considerations.

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FAR EAST

7. Ambassador Murphy supports Japanese request for COCOM membership: The Japanese request for COCOM membership should be supported, in Ambassador Murphy's opinion, since the government cannot be expected to maintain more severe economic controls on trade with Communist China than its principal European competitors. In the Ambassador's opinion, any American attempt to encourage more severe controls would strengthen the government's opposition, jeopardize the Japanese control program, increase antagonism toward the United States and play into Communist hands.

Murphy adds that membership in the existing organization is essential if the government is to curb business opposition to controls. A Far Eastern counterpart of COCOM would be considered an effort by foreign powers, especially the United States, to impose special restraints on Japanese-Chinese trade.

Murphy believes that Japan's Government is aware of the British and French attitude favoring Japanese participation in COCOM. (S Tokyo 657, 24 June 52)

8. Airfield reported in south Tibet: A new airstrip has been reported in Tibet located south of Pomo Tso Lake, which is 100 miles south of Lhasa. The runway is estimated to be 6,000 feet long. The only buildings observed were tents; no aircraft were seen. However, a jet fighter with swept-back wings was observed in this area by two sources. The report dated 6 May is from New Delhi. [REDACTED] 25X1

Comment: This appears to be an extremely hazardous location for an airfield. According to the World Aeronautical Chart, this lake is over 15,000 feet above sea level. It is a few miles north of a high range of mountains and is at least 30 miles from any important caravan route. The Communists would find more favorable airfield sites in the immediate vicinity of Lhasa.

9. Vietnamese Premier critical of Bao Dai: Premier Tam [REDACTED] on 17 June to Acting High Commissioner Gautier charging that Bao Dai was deliberately delaying the investiture of the Tam government to embarrass Letourneau while he was in Washington. Tam also stated that a purpose in creating an appointed assembly was to limit Bao Dai's power and thus enhance French influence.

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Tam said that it was his mission not only to fight the Viet Minh but to safeguard French interests in Vietnam. (S/Control US Officials Only, [redacted] June 52)

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Comment: [redacted]

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Bao Dai appointed Tam as premier in order to discredit French policy and bring about Tam's political eclipse. Bao Dai reportedly thus intends to pave the way for a government of Vietnamese nationalists.

Tam's pro-French inclinations are well established.

10. Presence of Chinese combat troops in Indochina denied:

25X1 [redacted] both General de Linares and General Salan insist that they have no information that any Chinese combat force is fighting in Indochina. De Linares 25X1C told [redacted] that not one Chinese soldier has been captured, and that no Chinese activity indicating an immediate plan to cross the border has been observed. The French estimate, however, that there are 6,000 Chinese advisers with the Viet Minh army. (C [redacted]) 25X1A

Comment: Most sources agree that Chinese troops have not participated in combat with the Viet Minh. The presence of some Chinese advisers in Indochina is accepted, but estimates vary considerably; 10,000 is the generally stated figure.

11. Viet Minh exhorts Cambodians to violence: The US Legation in Saigon has noted an increase during the past several days in Viet Minh radio appeals to Cambodia to fight "French colonialists and their puppets," a propaganda move obviously intended to capitalize on the current political tension in that country. (R Saigon 2590, 23 June 52)

12. Thai Premier reported negotiating with opponents of dominant military clique: Premier Phibun Songkhram has [redacted] taken advantage of Police Director General Phao's absence abroad to negotiate with leading opponents of the ruling military clique in order to frustrate an anticipated attempt by Phao to depose him. (S/Control US Officials Only, [redacted])

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Comment:

Phao is planning to eliminate Phibun, and the American Embassy in Bangkok has been informed that Phao cut short his trip abroad because of rising tension in Bangkok. While the political situation in Bangkok is obviously tense, there is no genuine evidence that Phibun's position has been seriously weakened.

13. Huk offensive in Luzon forecast: Elements of the Huk army are planning to launch an offensive throughout Luzon on 4 July, Philippine Independence Day. [redacted] has stated. [redacted] Philippine Army leaders allegedly are taking apparently routine precautions against outbreaks of violence on this date. (S/Control US Officials Only, [redacted])

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Comment: A deterioration in Huk military capabilities during the past few months has been indicated in many reports; the Huks are believed able at present to initiate only light, sporadic raids.

The absence of confirming information on the plan reported above casts additional doubt on a general offensive. Moreover, there has not been an important outbreak on any holiday or anniversary since late 1950.

#### NEAR EAST - AFRICA

14. Italy may follow Greece in recognizing Farouk as "King of Egypt and the Sudan": According to the American Embassy in Athens, Italy and Greece have discussed the question of recognizing Farouk as "King of Egypt and the Sudan." Italy indicated in these discussions that, if Greece recognized the Egyptian King's title, the Italian Government would follow a similar course. (C Athens 5453, 24 June 52)

Comment: Greek recognition of Farouk's Sudan title was taken on 23 June, following similar action by Pakistan on 15 June. Prior to the Greek move, only Moslem countries had recognized Farouk's title. Belgium, the Vatican and Japan had recognized Egyptian officials accredited to them in the name of the King of Egypt and the Sudan, but their own representatives in Cairo did not receive new credentials.

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While Britain's policy remains unchanged, the addition of Greece, and probably Italy, two members of NATO, to the list of countries recognizing Farouk's title will encourage Egypt to maintain its present attitude. Furthermore, these moves will make it more difficult for Britain to discourage subsequent nations from recognizing the Egyptian King's title.

15. Government's leniency favors Greek Communists: The American Ambassador in Greece warns that the local Communists have been encouraged by the government's failure to prosecute the Communist-front EDA party, inadequate screening of prisoners released from exile, the continuing toleration of pro-Communist newspapers, and the removal of an anti-Communist police director. (S Athens 5450, 24 June 52)

Comment: While the Communists do not at present threaten Greek security, the weakness of the government and the increasing prominence of the pro-Communist Minister of Commerce have materially assisted their cause.

16. Israeli police continue to violate neutrality of UN office in Jerusalem: Israeli police continue to occupy the UN Mixed Armistice Commission (MAC) office in Jerusalem, disregarding a request by General Riley, Chief of Staff of the UN Truce Supervision Organization, that they evacuate. (S Jerusalem 155, 24 June 52)

Comment: The Israeli occupation of the UN office occurred on 20 June following an announcement by UN representatives that they would open a disputed barrel which has been held in the MAC office since 5 June. To prevent UN inspection the Israelis placed an armed guard in the UN office.

17. French Government views Tunisian program as long-term project: A French Foreign Office spokesman, in outlining to the American Embassy further details of the proposed administrative changes in Tunisia, emphasized the government's belief that this first phase of the reorganization will take five years.

Because of the temper of the Assembly, Pinay did not specify this time limit in presenting the program or publicize the fact that the Tunisians will have a majority of one in the cabinet. (C Paris 8064, 24 June 52)

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Comment: The gains made by the Tunisians under this program -- complete responsibility for the ministries which they head, together with an entrance by means of deputy directors into ministries reserved for the French and the abolition of cabinet rank for the French Secretary General -- are still over-balanced by the establishment of an Appeals Commission, on which the French have a majority, to decide controversial measures. The two Tunisian assemblies are without legislative power and will serve merely as public forums.

Since the Assembly discussion in Paris, there has been an upsurge of scattered acts of violence in Tunisia, where the conservative press predicts that the maintenance of public order may become a major problem when the new program is effected.

18. France and Spain believed to have reached agreement on Tangier reforms: The American Diplomatic Agent in Tangier believes that France and Spain have reached agreement regarding the changes they want made in the administration of the International Zone. Maintenance of public order would be the responsibility of a Spanish commandant of the gendarmerie, who would be assisted by a French officer. The commandant of police would continue to be a neutral, but subordinate to the commandant of the gendarmerie in matters of public order,

France and Spain both strongly advocate the reinstitution of the "mixed information bureau."

British and American concurrence in French-Spanish proposals will be sought in the near future, according to the Spanish Consul General. (C Tangier 428, 24 June 52)

Comment: If these changes are accepted by the Committee of Control, Spain will have regained the paramount position in Tangier for which it has been agitating continuously since 1945.

Until abolished by the 1945 control statute, the "mixed information bureau," in reality an intelligence office, was headed by a Spaniard with a French assistant and operated independently of the Zone Administrator and the Committee of Control. It was concerned primarily with the security of French and Spanish Morocco.

According to a French official in Tangier, the French Foreign Office regards reform of the Tangier security system as urgently necessary in order to prevent the use of Tangier as a center for North African nationalist activities.

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26 June 52

SECRET

WESTERN EUROPE

19. Communists warn of more "invasions" across interzonal border in Germany: East German spokesmen have warned that the People's Police reinforced by Soviet military personnel will occupy all the small areas along the interzonal border which were originally part of the Soviet zone but which have been treated as part of the Allied zones since the end of the war. The areas involved came under Allied control in 1945 as a result of the many minor adjustments made in the original border by local Soviet and Allied troop commanders for convenience' sake.

The Communist warning came during East-West negotiations for the return of the 40 West Germans who were kidnapped on 22 June from one of the disputed areas by Soviet soldiers and East German People's Police. (C Bonn 3490, 24 June 52) 25X1

Comment: There have been at least four "invasions" across the border within the past few days.

20. East Germans renew potato-bug charges: The East German press charged on 20 June that an American plane recently dropped potato bugs inside East Germany near the border. The only other recent reference to this "weird propaganda claim," apparently now being renewed after two years, quoted a "confession" of an American flier in Korea who said he dropped potato bugs in East Germany before spreading bacteria in the Far East.

Potato bugs have caused considerable damage in East Germany this year, and there have been rumors that the export of seed potatoes to Poland had endangered the coming crop.

Resistance to the propaganda is suggested by a report that during a recent cold spell East German farmers remarked that the "Americans are dropping their damned frost-bombs again." (R Berlin Unnumbered, 20 June 52)

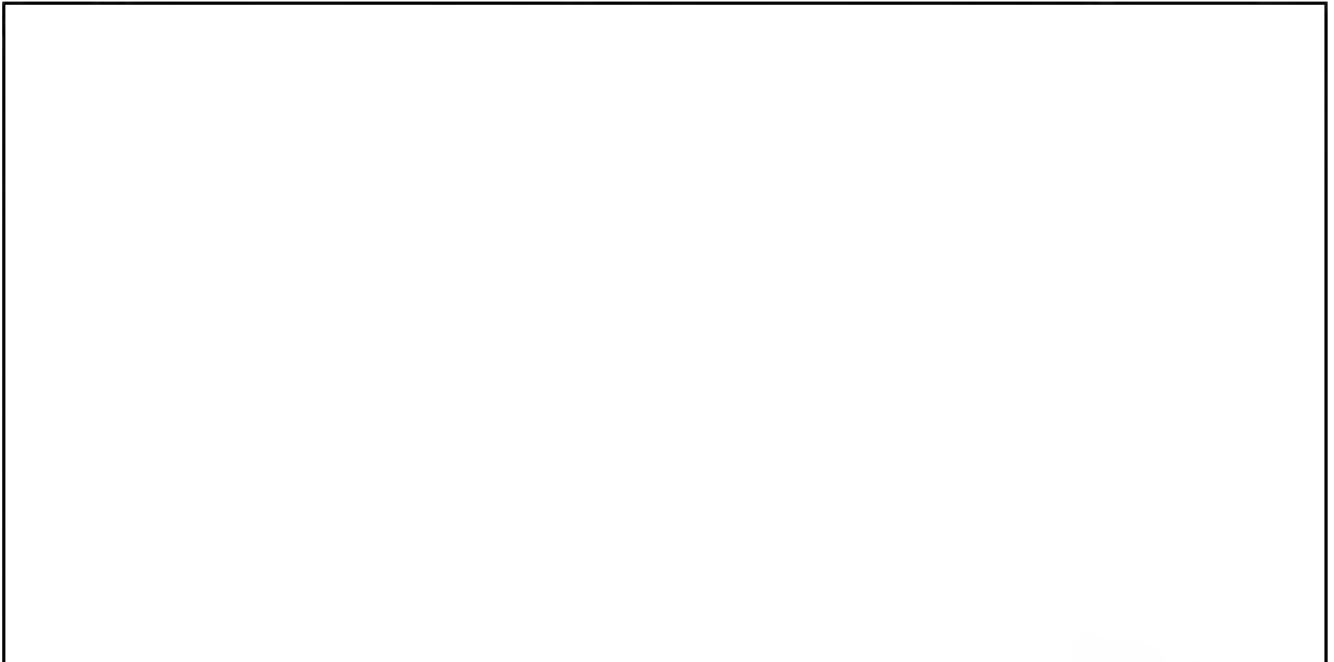
21. East German security measures extended to Baltic ports: An ordinance of the East German Ministry of State Security extends recent border security measures to the Baltic coast ports. Three-mile security zones are established both on the coast and offshore. All local sea traffic is to be tightly controlled by police authorities. (S Heidelberg SX-6392, 20 June 52)

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Italian Communist Party reaps large gains from commercial activities: [redacted] the Milan group of Communist-controlled firms made a profit of at least 480,000 dollars during 1951. Most of this amount was made by the Nord-export, Tecnoexport, and Simes firms. The other firms in the Milan group, Socofin, Cocceor, Ure, and Intec, will reportedly be reorganized because of their poor performance. (S [redacted])

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Comment: This report, which provides some indication of the financial support given the Italian Communist Party by the firms it controls, also gives substance to reports of frequent mismanagement in such firms. This source of revenue for the Communists is probably a factor in the eagerness of the Soviet Orbit to continue and expand East-West trade.

24.

Italian Communists to work for a broad "anti-Fascist" coalition: The Italian Communist Party's Central Committee, meeting on 21 and 22 June to review party policy in the light of the recent elections, emphasized the need for a broad Communist-dominated electoral front made up of "leftist independents," Social Democrats, Republicans, and Liberals. It renewed the current propaganda themes of "anti-Fascism," "defense of the republican constitution," and "anticlericalism."

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Palmiro Togliatti called for a "harder struggle" both in Parliament and in the labor organizations, and he reiterated support of the Communist "peace" program and of Communist policy in the Far East and in Germany.

The American Embassy believes that the "parliamentary struggle" will revolve around Communist opposition to any attempt by the government to alter the system of proportional representation in the 1953 national elections. Press speculation that Pietro Secchia may be displacing Togliatti in the party hierarchy is dismissed by the Embassy as unfounded. (C Rome 5650, 24 June 52)

25. Danish Government refuses to delay delivery of tanker to USSR: The Danish Government has formally notified the US Ambassador that the delivery of a tanker to the USSR under the Danish-Soviet trade agreement of July 1948 cannot be delayed at this late date. Foreign Minister Kraft told the Ambassador that with the Soviet officers on board the vessel for several weeks and a trial run scheduled for 25 June, any such move would have grave political and economic repercussions on Danish-Soviet relations. He added, however, that Denmark would delay the delivery of a second tanker if the United States made such a request promptly.

The American representative at COCOM has commented to Washington that it is difficult to believe that the Danes were really trying to cooperate with the United States since they knew of the United States concern over tankers and could have canceled the trial run scheduled for 25 June. (S Paris 8047, 24 June 52; S Copenhagen 1006 and 1005, 23 June 52)

#### LATIN AMERICA

26. Cuban police order roundup of major Communist leaders: The National Police have ordered a roundup of Cuba's major Communist leaders following a riot in Havana against General Batista's government. (R FBIS Havana, 6 June 52)

Comment: The continuing arrests of Communists since the 10 March coup attest to the repressive vigilance which the Batista government is maintaining over Communist activities. Of late, Cuban Communists have been stepping up their harassing tactics against the various opposition groups such as the Orthodox and Authentic Parties, students, and laborers.

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Batista reportedly does not intend to outlaw the Communist Party, since he wishes to avoid any criticism of being dictatorial or arbitrary. He has stated, however, that if the Communists failed to rise to Cuba's defense in a war with Russia, he would take immediate drastic action. No Communists are known to have taken part in the organization or direction of Batista's new regime, and no known Communist now holds a position in his administration.

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FAR EAST

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1. French again reported attempting to contact the Viet Minh:

two French agents were recently denied an audience by Viet Minh leaders. They were told that the Chinese would also refuse to see them.

Allegedly, a second attempt to contact the Viet Minh has been cancelled by Premier Pinay, pending conversations between Secretary Acheson and Foreign Ministers Eden and Schuman.

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Comment: During his recent visit in Washington, Minister for Associated States Letourneau categorically denied that France would consider peace negotiations with the Viet Minh. However, persistent reports from France and Indochina point to French attempts to talk with the Communists.

French approaches could be intended to explore Viet Minh attitudes, extract intelligence, undermine and confuse enemy leadership or arrange for the exchange of prisoners.

WESTERN EUROPE

2. US Ambassador recommends lifting of restrictions on Swedish imports of aviation gas: The US Ambassador at Stockholm reports that the general alert in connection with the recent Soviet attacks on Swedish planes has drastically increased the consumption of aviation gasoline, and recommends that the American limitation on Swedish imports of such fuel be eliminated.

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The Ambassador has also pointed out that with its present small gasoline stockpile the Swedish Air Force would be quickly grounded if the Skagerrak were blockaded by hostile action. (S Stockholm 1487, 20 June 52; TS Stockholm 1478, 18 June 52)

Comment: Although the Swedish Air Force is considered the most effective air wing in Western Europe, it is completely dependent upon imported fuel. Present US policy limits supplies of aviation gas to a "friendly neutral" to enough to maintain a stockpile sufficient for 90 days of peacetime flying -- equivalent to 40 days of combat flying. The Swedes want to maintain a stockpile sufficient for 120 days of combat flying.

3. Eden denies rumors that he intends to leave British Foreign Office: Foreign Secretary Eden has categorically denied to Ambassador Gifford that he intends to leave the British Foreign Office in the near future.

Commenting on the recent press speculation that Eden would relinquish his present post to supervise the government's domestic legislative program, the Embassy in London believes that he may devote more time to home affairs while still retaining the Foreign Secretaryship. The Embassy is doubtful, however, that such a development would appreciably help the Conservative government overcome its weakness on domestic political questions. (C S/S, London 5900, 24 June; R London 5873, 23 June 52)

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